

NEWS FROM

Alabama Student Loan Program–KHEAA

100 North Union Street, Suite 308, Montgomery, AL 36104-3762

Phone: (334) 265-9720 Toll-free: (800) 721-9720

Fax: (334) 265-9750

Financial Aid Tip of the Month, June 2006

Don't be taken in by something that sounds too good to be true

Parents of college-bound students are probably hearing lots of sales pitches from companies that promise to help them find financial aid to pay for college.

There's no need to pay for this kind of information, which can be obtained free by working with your guidance counselor, checking out sources in the library, doing free online scholarship searches or contacting the financial aid office of the college you plan to attend.

If you decide to use a company to help you find financial aid, make sure you're dealing with a reputable one. The Federal Trade Commission cautions students to be especially skeptical about scholarship search companies and websites that make these claims.

"You've been selected by a national foundation to receive a scholarship." Check with a guidance counselor or The Foundation Center at www.fdncenter.org to find out if the foundation is legitimate. Be especially wary if you're notified that you're a finalist in a scholarship contest you didn't enter.

"We'll do all the work." It's highly unlikely that the company will fill out all the applications for all the financial aid sources it sends you.

"I just need your credit card or bank account number to hold this scholarship." Never give these numbers to a person or company you're not sure about. You could find your credit card maxed out and your bank account cleaned out.

"This scholarship will cost some money." Some legitimate scholarships do have up-front fees, but they shouldn't be more than \$5 or \$10. Many scams will charge a fee and use some of those fees to award token scholarships so they appear legitimate. The operators, however, pocket the vast majority of the money.

"You're guaranteed to get money for college or your money back." Read the fine print. To get a refund, you may have to receive a rejection letter from every source on the list. Unscrupulous companies have been known to give students sources that don't exist, so you can't get a rejection letter. The fine print may also state that **all** types of student aid are included, so if you don't get any scholarships but do get a student loan, you can't get your money back.

For more information about college financial aid, visit www.alstudentaid.com; write the Alabama Student Loan Program, 100 North Union Street, Suite 308, Montgomery, AL 36104-3762; or call 334-265-9720, toll free (800) 721-9720.